



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

January 26, 2007

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley *lm*
Auditor-Controller

SUBJECT: **CATHOLIC CHARITIES OF LOS ANGELES FY 2006-07 CONTRACT
REVIEW – REFUGEE EMPLOYMENT PROGRAM**

We have conducted a program and fiscal contract review of Catholic Charities of Los Angeles (CCLA or Agency), a Refugee Employment Program (REP or Program) service provider for Fiscal Year 2006-07.

Background

The Department of Public Social Services (DPSS) contracts with CCLA, a private, non-profit, community-based organization to provide job-training and employment services to refugees who have resided in the United States for less than five years. The Agency serves as the Central Intake Unit for the REP program. This includes conducting intake/assessment for eligible refugee participants and referring them to the appropriate REP Agency. The population that CCLA serves resides in all five Districts.

DPSS pays CCLA a fixed fee for each type of service based on budgeted program costs and anticipated service levels. DPSS paid CCLA approximately \$1.1 million for Fiscal Year 2005-06.

Purpose/Methodology

The purpose of the review was to determine whether CCLA complied with its contract terms and appropriately accounted for and spent program funds in providing services to

"To Enrich Lives Through Effective and Caring Service"

the eligible participants. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County program guidelines.

Results of Review

Overall, CCLA provided services required by the County contract using the appropriate number of staff who possessed the qualifications required by the County contract. The program participants interviewed stated that the services they received from CCLA generally met their expectations. In addition, the expenses that the Agency charged the program were allowable and properly documented.

CCLA did not ensure that bank reconciliations were signed and fixed assets were properly tagged. The details of our review, along with recommendations for corrective action, are attached.

Review of Report

On January 4, 2007, we discussed our report with CCLA management who concurred with our report. In their attached response CCLA management indicates agreement with our report. We also notified DPSS of the results of our review.

We thank CCLA for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

- c: David E. Janssen, Chief Administrative Officer
- Bryce Yokomizo, Director, Department of Public Social Services
- Brenda Thomas, Department Director, Catholic Charities of Los Angeles
- Public Information Office
- Audit Committee

**REFUGEE EMPLOYMENT PROGRAM
CATHOLIC CHARITIES OF LOS ANGELES
FISCAL YEAR 2006-2007**

ELIGIBILITY

Objective

Determine whether the Catholic Charities of Los Angeles (CCLA or Agency) provided services to individuals that meet the eligibility requirements of the Refugee Employment Program (REP or Program).

Verification

We selected 25 (2%) of the 1,646 program participants that received services during July 2006 and reviewed their case files for documentation to confirm the participants' eligibility for program services.

Results

All program participants sampled were eligible to receive program services. CCLA also maintained appropriate documentation to support the participants' eligibility to receive program services.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether CCLA provided the services billed in accordance with their contract and the program participants received those services.

Verification

We reviewed the documentation contained in 25 (2%) program participant case files that received services in July 2006. We also interviewed 14 program participants to confirm the services CCLA billed to the Department of Public Social Services were provided.

Results

CCLA appropriately provided language, vocational and on-the-job work training, job seeking skills, assisted in attaining employment and paid work related expenses such

as, transportation and union dues. In addition, the program participants stated that the services they received from CCLA met their expectations.

Recommendation

There are no recommendations for this section.

STAFFING QUALIFICATIONS

Objective

Determine whether CCLA's staff possessed the qualifications required by the contract.

Verification

We reviewed the personnel files of 12 staff for documentation to confirm staff qualifications.

Results

Each of CCLA's staff possessed the required employment eligibility verification, training, reading, writing and speaking requirements identified in the contract.

Recommendation

There are no recommendations for this section.

CASH/REVENUES

Objective

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in the contractor's bank account. Determine whether there are adequate controls over cash, petty cash, and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's July 2006 bank reconciliation.

Results

CCLA properly recorded and deposited cash receipts timely in the Agency's bank account. In addition, reconciling items appeared valid and were cleared in a timely manner. However, the reviewer of the bank reconciliation did not sign the monthly

reconciliation as required by the County contract. This issue was also noted in our CCLA Workforce Investment Act Program Report dated September 22, 2006.

Recommendation

1. **CCLA management ensure that bank reconciliations are signed by the reviewer.**

EXPENDITURES/PROCUREMENT**Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented, and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records, and reviewed documentation for nine non-personnel expenditure transactions billed by the Agency for July 2006 totaling approximately \$6,601.

Results

CCLA's expenses were allowable, accurately billed to DPSS and properly documented as required.

Recommendation

There are no recommendations for this section.

INTERNAL CONTROLS**Objective**

Determine whether the contractor maintained sufficient internal controls over its business operations.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, and tested transactions in various areas such as expenditures, payroll and personnel.

Results

CCLA maintained sufficient internal controls over its business operations.

Recommendation

There are no recommendations for this section.

FIXED ASSETS**Objective**

Determine whether CCLA's purchases made with program funds are used for the program and that the assets are safeguarded.

Verification

We interviewed CCLA personnel and reviewed the Agency's equipment inventory listing. In addition, we also performed a physical inventory of nine items funded by program funds.

Results

CCLA's items purchased with REP funding were used for the program. However, the items were not properly tagged.

Recommendation

2. CCLA management ensure that fixed assets are properly tagged.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll is appropriately charged to the program. In addition, determine whether personnel files are maintained as required.

Verification

We reviewed payroll expenditures for 12 employees during July 2006, totaling \$15,800. We also interviewed staff and reviewed the personnel files of staff assigned to the program.

Results

The Agency program staff salaries were supported with time cards and charged appropriately to the program. In addition, CCLA maintained personnel files in accordance with the County contract.

Recommendation

There are no recommendations for this section.

COST ALLOCATION PLAN

Objective

Determine whether CCLA's Cost Allocation Plan was prepared in compliance with the County contract and applied to program costs.

Verification

We reviewed CCLA's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency during July 2006 to ensure that the expenditures were properly allocated to the appropriate programs.

Results

CCLA's Cost Allocation Plan was prepared in compliance with the County contract requirements and costs were appropriately allocated.

Recommendation

There are no recommendations for this section.



Reverend Monsignor Gregory A. Cox
Executive Director

Brenda Thomas
Director

Central Intake Unit
1530 James M. Wood Blvd
Los Angeles, CA 90015
Tel: (213) 251-3574
Fax: (213) 251-3580
bthomas@ccharities.org

January 8, 2007

J. Tyler McCauley
Los Angeles County Auditor-Controller
500 W Temple, Room 525
Los Angeles, CA 90012

Dear Mr. McCauley:

Contract Review Response

We have reviewed the report issued by your Department and are in general agreement with the findings and recommendations. We will be submitting a corrective action plan to the Department of Public Social Services within 30 days that details our efforts to implement the recommendations contained in the report.

Please call me if you have any questions at (213) 251-3481.

Sincerely,

A handwritten signature in cursive script that reads "Brenda Thomas".

Brenda Thomas
CIU Department Director
Catholic Charities of Los Angeles, Inc.

cc: Rev. Monsignor Gregory A. Cox, Executive Director
Ron Lopez, Chief Administrative Officer
Sarah Elder, Controller
David Furukawa, Assistant Controller



Serving All People

